



China Haisheng Juice Holdings Co., Ltd.

中國海升果汁控股有限公司

Stock Code : 359



2011
Interim Report

Contents

Corporate Information	2
Highlights	3
Management Discussion and Analysis	4
Directors' Report	9
Condensed Consolidated Statement of Comprehensive Income	15
Condensed Consolidated Statement of Financial Position	17
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flow	20
Notes to the Condensed Interim Consolidated Financial Information	21

Corporate Information

Stock Code

359

Executive Directors:

Mr. Gao Liang (*Chairman*)

Mr. Liang Yi

Mr. Li Bing

Ms. Wang Xuemei

Independent non-executive directors:

Mr. Li Yuanrui

Mr. Zhao Boxiang

Mr. Lo Wai Tat Andrew

Company Secretary

Mr. Terence Sin Yuen Ko, FCCA

Authorised Representatives

Mr. Gao Liang

No. 3, Model A

Fengye Yuan, Yanta District

Xi'an, Shaanxi Province

The PRC

Mr. Terence Sin Yuen Ko, FCCA

11/F, Ka Wah Bank Centre

232 Des Voeux Road Central

Hong Kong

Audit Committee Members

Mr. Lo Wai Tat Andrew (*Chairman*)

Mr. Zhao Boxiang

Mr. Li Yuanrui

Remuneration Committee Members

Mr. Zhao Boxiang (*Chairman*)

Mr. Li Yuanrui

Mr. Lo Wai Tat Andrew

Registered Office

Cricket Square

Hutchins Drive

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Grand Cayman KY1-1111

Cayman Islands

Head Office and Principal Place of Business in Hong Kong

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Principal Share Registrar and Transfer Office

Butterfield Fund Services (Cayman) Limited

Butterfield House

68 Fort Street, P.O. Box 705

George Town, Grand Cayman

Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor

Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East, Wanchai

Hong Kong

Principal Bankers

Agriculture Bank of China

The Export-Import Bank of China

HIGHLIGHTS

- For the six months ended 30 June 2011, the Group's unaudited turnover increased from approximately RMB528.9 million to approximately RMB1,143.7 million, representing an increase of approximately 116.3% over the same period of last year.
- For the six months ended 30 June 2011, the Group's unaudited profit attributable to Owners of the Company increased from approximately RMB107.8 million to approximately RMB148.2 million, representing an increase of approximately 37.4% over the same period of last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

Management Discussion and Analysis

Review of results

The Board announces that, for the six months ended 30 June 2011, the Group recorded an unaudited turnover of approximately RMB1,143.7 million, representing an increase of approximately 116.3% over the same period of last year. Gross profit margin for the six months ended 30 June 2011 was approximately 27.8%, as compared with 23.6% for the same period of last year. The Group has attained an unaudited profit attributable to Owners of the Company of approximately RMB148.2 million for the period under review, representing an increase of approximately 37.4% over the same period of last year.

For the period under review, turnover increased by approximately 116.3% to approximately RMB1,143.7 million. Such increase was mainly attributable to the increasing selling price of apple juice in the international market as the supply of apple juice fails to meet the demand in the market and the substantial increase in sales volume of the Group.

For the period under review, the gross profit margin of the Group increased from approximately 23.6% to approximately 27.8% which was attributable to the increase in selling price of the Group's products.

Distribution costs increased by approximately 3.6% to approximately RMB86.4 million during the period under review. Such increase was mainly attributable to the increase in sales volume.

Administrative expenses increased by approximately 22.9% to approximately RMB43.9 million during the period under review. The increase in administrative expenses was mainly attributable to the increase in total number of staff of the Group and hence increase in staff cost.

Finance cost of the Group amounted to approximately RMB37.7 million in the period under review, representing an increase of approximately 29.7% over the same period of last year. The increase is attributable to the increase in interest rate on borrowings.

As a result of the foregoing, the Group's unaudited profit attributable to Owners of the Company increased by 37.4% to approximately RMB148.2 million.

Liquidity, financial resources, gearing and capital commitments

The treasury policy of the Group is centrally managed and controlled at the corporate level. As at 30 June 2011, the Group's borrowings amounted to approximately RMB1,103.2 million (as at 31 December 2010: RMB1,264.7 million), among which, approximately RMB720.3 million (as at 31 December 2010: RMB734.7 million) were repayable within one year and approximately RMB382.9 million (as at 31 December 2010: RMB530.0 million) become due more than one year. Approximately RMB586.1 million (as at 31 December 2010: RMB950.7 million) were secured by way of charge on the Group's assets. Approximately RMB152.1 million were denominated in US dollars while approximately RMB951.1 million were denominated in RMB.

As at 30 June 2011, the cash and bank balances including pledged bank deposits amounted to approximately RMB141.2 million (as at 31 December 2010: RMB210.5 million).

The gearing ratio, defined as total liabilities divided by total assets, was decreased from approximately 71.0% as at 31 December 2010 to approximately 56.9% as at 30 June 2011 and debt to equity ratio, defined as total borrowings divided by total equity, decreased from 1.3 as at 31 December 2010 to approximately 1.0 as at 30 June 2011.

As of 30 June 2011, the Group has approximately RMB39.0 million capital commitments (as at 31 December 2010: RMB17.3 million) and has no significant contingent liabilities.

US dollar is one of the major settlement currencies for sales of the Group. Although RMB has appreciated against US dollar during the period under review, there was no significant impact on the Group's financial position as the Group carried out various measures to minimise the impact accordingly.

Management Discussion and Analysis

Pledge of assets

At the respective balance sheet dates, the Group pledged the following assets:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Property, plant and equipment	639,837	466,717
Prepaid lease payments	14,621	30,985
Pledged bank deposits	32,071	19,967
Inventories	347,083	334,201
	1,033,612	851,870

In addition, borrowing in the amounts of approximately RMB51.8 million (31 December 2010: RMB66.2 million) provided by an independent European financial institution was secured by the 67.64% equity interest of Qingdao Haisheng Fresh Fruit Juice Co., Ltd., a non-wholly owned subsidiary which is held by another non-wholly owned subsidiary of the Group.

Business review

Market Review

The sales volume of apple juice by the Group in the first half of 2011 continued to maintain a satisfactory growth momentum. In particular, leveraging on the collaboration with Itochu Corporation of Japan, our market share in Japan, experienced a significant surge which almost tripled that for the same period last year, which accounted for a 23% market share of the national export to the region. In addition to the growing demand for apple juice, the domestic market demand for other fruit juices also kept rising.

On the basis of maintaining the existing market sales network, we continued to expand the network at different levels through in-depth understanding of our customers. We strived to step forward amid difficulties. With subsisting improvement of the product sales structure, dedicated

Management Discussion and Analysis

effort was committed to the sales of the Group's newly developed products on minor scale. The sales of products in multi-categories were attained, contributing to a more reasonable and optimized product sales structure.

R&D

The beverage base products developed for famous dairy food enterprises were successfully put on shelf. The production and research of the highly concentrated apple aroma products attained significant progress whilst the research and production capability of minor fruit juices of the Group also achieved apparent enhancement.

Purchasing

The Group continued to organize and establish the purchasing system by recruiting over 100 staff with master degree. Meanwhile, innovative logistical measures including the hydro unloading system in Shanxi Yuncheng plant, mechanical automatic quality examination system, GPS system and monitoring system in Qindao plant and pit sorting system in Qian County plant had greatly enhanced the quality and the loading and unloading efficiency of raw material fruits so as to ensure both the quality and quantity of the Group's procurement of raw material fruits.

Efficient production

During the year under review, the Group continuously strengthened and improved the management of the HACCP and ISO9002 systems. The Group carried out stringent enforcement of production techniques and strict inspection of production standards to ensure product safety. We considered food safety as our first priority. The three plants acquired by the Group had successfully started their operations and provided the Group with a 13% increase in the production capacity. In light of rising raw material prices, we consolidated our internal management and continued to streamline the management cost. In addition, we upgraded the production of pear juice, fructose, aroma and minor fruit juices to enhance our competitiveness in the market as well as the profitability of the Company.

Acquisition

The Group acquired additional 30% equity interests of Haisheng Kataoka (Dalian) Juice Limited, a subsidiary of the Group, during the period under review at a consideration of approximately RMB14.0 million.

Management Discussion and Analysis

Human Resources

As of 30 June 2011, the Group had 1,615 staff (30 June 2010: 1,233 staff).

We further enhanced the organizational ability during the period under review and continued to recruit quality staff, which included talents with more than 10 years of experience in management and technological processing within juice concentrate and related industries as well as from the world's top food companies and aroma and fragrance companies. All of them graduated from domestic and foreign famous universities studying food science related subjects including agricultural product processing, food science, chemical engineering and plant pathology.

Prospect

The market

Anticipated that the production of apple in China will experience a stable growth. The Group will strive to maintain our existing market share on one hand, and develop new markets on the other. We will try our best to satisfy our customers and reach out for new customers. While extending the sales efforts of existing traditional products, the Group will also keep increasing the sales efforts of new products to achieve a healthy and comprehensive development of the Group's business.

R&D

The research centre will continuously focus on the processing of multi-category fruit juice and the development of fruit juice by-products in the future. Greater efforts will be spent on the research of natural food additives and supplements including natural apple aroma and apple polyphenol to complement the main juice business while developing new products. Haisheng will focus on providing customers with comprehensive solutions and all-round technical services in respect of food and beverage.

Production and Purchasing

Product quality is always the core of Haisheng's development. We will work on strengthening the management of the production system with subsisting improvement whilst maintain a good collaboration relationship with our customers in maximizing their value.

The Group will continue to optimize and innovate the supply chain management. Also, we will continue the strengthening of raw materials sourcing and set up a new incoming logistics system. By organizing a core competitive acquisition network, we will standardize, mechanize and informatize the logistics system. The Group will further reduce the purchasing cost and enhance the quality of products.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

Directors' and Chief Executive's Interests and Short Position in Shares and Underlying Shares

As at 30 June 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Listing Rules, were as follows:

Long position

Name	Name of the company	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding
Mr. Gao Liang	The Company	Interest of controlled corporation	459,061,238 Shares <i>(Note 1)</i>	36.43%
Mr. Liang Yi	The Company	Trustee	48,858,235 Shares <i>(Note 2)</i>	3.88%
		Beneficial owner	21,400,000 Shares	1.70%
Ms. Wang Xuemei	The Company	Beneficial owner	4,219,080 Shares	0.33%

Notes:

- The 459,061,238 Shares were held by Think Honour International Limited ("Think Honour"), the entire issued share capital of which was held by Mr. Gao Liang. Accordingly, Mr. Gao Liang was deemed to be interested in the 459,061,238 Shares held by Think Honour by virtue of the SFO.
- As at 30 June 2011, the 48,858,235 Shares were held by Raise Sharp International Limited ("Raise Sharp"), the entire issued share capital of which was held by Mr. Liang Yi on trust for 650 individuals. Accordingly, Mr. Liang Yi was deemed to be interested in the 48,858,235 Shares held by Raise Sharp by virtue of the SFO.

Directors' Report

Save as disclosed above, as at 30 June 2011, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2011, so far as is known to the Directors, the following persons other than a Director or chief executive of the Company, had or were deemed or taken to have an interest or short position of 5% or more of the interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position

Name	Name of the company	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding
Think Honour	The Company	Beneficial owner	459,061,238 Shares <i>(Note 1)</i>	36.43%
Goldman, Sachs & Co.	The Company	Interest of controlled corporation	232,344,000 Shares <i>(Note 2)</i>	18.44%
The Goldman Sachs Group, Inc.	The Company	Interest of controlled corporation	232,344,000 Shares <i>(Note 2)</i>	18.44%
GS Advisors 2000, L.L.C	The Company	Investment manager	183,759,488 Shares	14.58%
GS Capital Partners 2000, L.P.	The Company	Beneficial owner	134,784,127 Shares	10.70%
Raise Sharp	The Company	Beneficial owner	48,858,235 Shares <i>(Note 3)</i>	3.88%

Notes:

1. The entire issued share capital of Think Honour was held by Mr. Gao Liang.
2. GS Capital Partners 2000 Employee Fund, L.P., GS Capital Partners 2000 GmbH & Co. Beteiligungs KG, GS Capital Partners 2000 Offshore, L.P., GS Capital Partners 2000, L.P. and Goldman Sachs Direct Investment Fund 2000, L.P. (together, the "Investors") are interested in an aggregate of 232,344,000 Shares. The general partner or managing partner of each of the Investors is a direct or indirect wholly-owned subsidiary of The Goldman Sachs Group, Inc.. Goldman, Sachs & Co., a wholly-owned subsidiary of The Goldman Sachs Group, Inc., held by The Goldman Sachs Group, Inc. directly and indirectly through intermediate subsidiaries, is the investment manager of each of the Investors. Pursuant to the SFO, each of Goldman, Sachs & Co. and The Goldman Sachs Group, Inc. is deemed to be interested in the aggregate of 232,344,000 Shares in which the Investors are interested in total.
3. The entire issued share capital of Raise Sharp is held by Mr. Liang Yi on trust for 650 individuals.

So far as is known to the Directors or chief executive of the Company, none of the companies/ persons were interested in 10% or more of the equity interests of any other members of the Group as at 30 June 2011.

Corporate Governance

The Company is committed to adhere to the regulatory standards of the Stock Exchange, improving the corporate governance structure and performing the obligations as set out in the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules. During the period under review, the Company has complied with the Code, save for the deviation discussed below.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. At present, the Company does not have a competent candidate for the position of Chief Executive Officer of the Company. Mr. Gao Liang, therefore, acts as the Chairman and the Chief Executive Officer of the Company on a temporary basis. The Company is recruiting for a competent and suitable person to fill the vacancy of the Chief Executive Officer of the Company.

Directors' Report

Share Option Scheme

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 29 May 2007 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 29 May 2017. Under the Scheme, the Board may, at their absolute discretion, grant options to the following participants to subscribe for shares in the Company:

- (i) any eligible employees, including executive, non-executive and independent non-executive directors and consultants or advisors of or to the Company or its subsidiaries or any entity in which the Group holds any equity interest ("Invested Entity");
- (ii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iii) any customer of the Group or any Invested Entity;
- (iv) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group and any Invested Entity.

The total number of shares which may be issued upon exercise of the options to be granted under the Scheme must not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the Scheme. Without prior approval from the Company's shareholders, the maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12 month period is not permitted to exceed 1% of the share capital of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or any of their associates in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5 million in the past 12-month period must be approved in advance by the Company's shareholders.

Directors' Report

Options granted must be taken up within 28 days from the date of grant, upon payment of HK\$1 per option. Options may be exercised at any time during a period of not more than 10 years from the date of grant, subject to the terms and conditions of the Scheme and any conditions of grant as may be stipulated by the Board. The exercise price is determined by the directors of the Company, and must be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Option, which must be a business day, (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The following table discloses movements of the Company's share options held by employees during the period under review:

Date of grant	Vesting period	Exercise price HK\$	Exercisable period	Outstanding at 1.1.2011	Granted during the period	Lapsed during the period	Outstanding at 30.06.2011
3.3.2008	3.3.2008 to 2.3.2009	2.012	3.3.2009 to 2.3.2013	14,686,000	-	(1,148,000)	13,538,000
3.3.2008	3.3.2008 to 2.3.2010	2.012	3.3.2010 to 2.3.2013	6,270,000	-	(500,000)	5,770,000
				20,956,000	-	(1,648,000)	19,308,000

Directors' Interests in a Competing Business

As at the date of this report, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2011.

Directors' Report

Model Code for Securities Transactions by Directors

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules ("Model Code"). Having made specific enquiry, all Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the period under review.

Remuneration Committee

During the period under review, the Remuneration Committee comprising three independent non-executive Directors, namely Mr. Zhao Boxiang (Chairman), Mr. Li Yuanrui and Mr. Lo Wai Tat Andrew, was appointed by the Board. The Remuneration Committee had adopted terms of reference (containing the minimum prescribed duties) that are in line with the Code and the Company's own code on corporate governance practices.

Audit Committee

The Company has an Audit Committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors of the Company, namely Mr. Lo Wai Tat Andrew (Chairman), Mr. Zhao Boxiang and Mr. Li Yuanrui. The Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2011.

By order of the Board
China Haisheng Juice Holdings Co., Ltd.
Mr. Gao Liang
Chairman

Xi'an, the PRC, 16 August 2011

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

		(Unaudited)	
		Six months ended 30 June	
		2011	2010
	NOTES	RMB'000	RMB'000
Revenue	4	1,143,721	528,855
Cost of sales		(825,261)	(404,048)
Gross profit		318,460	124,807
Other income		6,258	1,501
Other gain and loss		(3,297)	131,159
Distribution and selling expenses		(86,416)	(83,419)
Administrative expenses		(43,870)	(35,698)
Other operating expenses		(148)	(203)
Finance costs		(37,651)	(29,033)
Profit before taxation		153,336	109,114
Income tax expense	5	(4,382)	(1,655)
Profit for the period	6	148,954	107,459
Other comprehensive income/(expense)			
Exchange difference arising on translation of foreign operations		362	(120)
Other comprehensive income/(expense) for the period		362	(120)
Total comprehensive income for the period		149,316	107,339
Profit for the period attributable to:			
Owners of the Company		148,178	107,817
Minority interests		776	(358)
		148,954	107,459

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

		(Unaudited)	
		Six months ended 30 June	
		2011	2010
	NOTES	RMB'000	RMB'000
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Total comprehensive income attributable to:			
Owners of the Company		148,540	107,697
Minority interests		776	(358)
		<hr/>	<hr/>
		149,316	107,339
		<hr/>	<hr/>
Dividends	7	–	–
		<hr/>	<hr/>
Basic earnings per share (RMB cents)	8	11.8 cents	8.8 cents
		<hr/>	<hr/>

Condensed Consolidated Statement of Financial Position

As at 30 June 2011

		30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,404,268	1,434,701
Prepaid lease payments		65,858	65,710
Deposit paid for acquisition of land use right		5,504	5,504
		1,475,630	1,505,915
CURRENT ASSETS			
Inventories	10	551,905	1,321,122
Trade and other receivables	11	337,897	312,578
Prepaid lease payments		2,018	2,383
Tax recoverables		1,164	472
Pledged bank deposits		32,071	19,967
Bank balances and cash		109,144	190,570
		1,034,199	1,847,092
CURRENT LIABILITIES			
Trade and other payables	12	191,756	936,568
Bills payables		–	34,840
Dividend payable to non-controlling interests of a subsidiary		441	407
Bank and other borrowings – due within one year		720,289	734,679
Obligation under finance lease		27,892	27,232
		940,378	1,733,726
NET CURRENT ASSETS			
		93,821	113,366
		1,569,451	1,619,281

Condensed Consolidated Statement of Financial Position

As at 30 June 2011

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
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CAPITAL AND RESERVES		
Share capital	13,039	13,039
Reserves	1,067,224	944,971
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Equity attributable to Owners of the Company	1,080,263	958,010
Minority interests	2,449	14,705
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Total equity	1,082,712	972,715
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NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	382,886	530,000
Deferred tax liability	10,988	9,930
Obligation under finance lease	92,865	106,636
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	1,569,451	1,619,281
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Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Share capital	Share premium	Share option reserve	Special reserve	Translation reserve	Statutory surplus reserve	Accumulated profits	Other reserve	Attributable to equity holders of the parent	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010 (audited)	12,715	159,434	14,790	258,722	(430)	110,449	329,420	-	885,100	15,482	900,582
Profit for the period	-	-	-	-	-	-	107,817	-	107,817	(358)	107,459
Exchange differences arising on translation of foreign operations	-	-	-	-	(120)	-	-	-	(120)	-	(120)
Total comprehensive income for the period	-	-	-	-	(120)	-	107,817	-	107,697	(358)	107,339
Recognition of equity-settled share based payments	-	-	130	-	-	-	-	-	130	-	130
Dividends paid to minor shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	(212)	(212)
At 30 June 2010 (unaudited)	12,715	159,434	14,920	258,722	(550)	110,449	437,237	-	992,927	14,912	1,007,839
At 1 January 2011 (audited)	13,039	202,327	14,596	258,722	(622)	110,449	359,499	-	958,010	14,705	972,715
Profit for the period	-	-	-	-	-	-	148,178	-	148,178	776	148,954
Exchange differences arising on translation of foreign operations	-	-	-	-	362	-	-	-	362	-	362
Total comprehensive income for the period	-	-	-	-	362	-	148,178	-	148,540	776	149,316
Lapse of share option	-	-	(1,085)	-	-	-	1,085	-	-	-	-
Acquisition of non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(1,087)	(1,087)	(12,865)	(13,952)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(167)	(167)
Dividends recognised on distribution	-	-	-	-	-	-	(25,200)	-	(25,200)	-	(25,200)
At 30 June 2011 (unaudited)	13,039	202,327	13,511	258,722	(260)	110,449	483,562	(1,087)	1,080,263	2,449	1,082,712

Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2011

	(Unaudited)	
	2011	2010
	RMB'000	RMB'000
Net cash inflow from/(used in) operating activities	198,759	(90,601)
Net cash used in investing activities		
Purchase of property, plant and equipment	(16,654)	(15,267)
Other investing activities	(25,932)	12,002
	(42,586)	(3,265)
Net cash (used in)/inflow from financing activities		
New bank and other borrowings raised	916,852	540,319
Repayment of bank and other borrowings	(1,091,467)	(256,414)
Other financing activities	(62,984)	(29,075)
	(237,599)	254,830
(Decrease)/increase in cash and cash equivalents	(81,426)	160,964
Cash and cash equivalents at 1 January	190,570	49,436
Cash and cash equivalents at 30 June, representing bank balances and cash	109,144	210,400

Notes to the Condensed Interim Consolidated Financial Information

1. General information

China Haisheng Juice Holdings Co., Ltd. (the "Company") is a company incorporated in the Cayman Islands as an exempted company with limited liabilities and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section "Corporate Information" in this report.

The Company is an investment holding company and its subsidiaries (hereinafter collectively referred as to the "Group") are principally engaged in the manufacturing and sale of fruit juice concentrate and related products.

The Group's principal operations are conducted in the People's Republic of China (the "PRC"). The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

These unaudited condensed consolidated interim financial statements of the Group should be read in conjunction with the 2010 annual accounts.

3. Principal accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual financial statements for the financial year ended 31 December 2010, except for the adoption of the standards, amendments and interpretations issued by the IASB mandatory for annual periods beginning 1 January 2011. The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position.

Notes to the Condensed Interim Consolidated Financial Information

4. Revenue and segment information

The board of directors regularly reviews revenue by locations of customers including North America, Russia, Europe, Australia, Asia and others and the consolidated statements of comprehensive income to make decision about resources allocations. Profit for the period is the segment profit reviewed by the board of directors. As no other discrete financial information is available for the assessment of performance of its business, no segment information is presented other than entity-wide disclosure.

The Group is principally engaged in manufacture and sales of fruit juice concentrate and related products.

Geographic information

The Group's operations are located in PRC.

The Group's revenue from continuing operations from external customers by locations of customers are detailed below:

	(Unaudited)	
	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
North America	746,688	357,438
Europe and Russia	129,599	64,717
Asia	207,211	76,184
Australia	894	6,272
Others	59,329	24,244
	1,143,721	528,855

Notes to the Condensed Interim Consolidated Financial Information

5. Taxation

	(Unaudited)	
	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Current tax		
– PRC Enterprise Income Tax	3,324	3,040
– Other jurisdictions	–	1,354
	3,324	4,394
Deferred taxation	1,058	(2,739)
	4,382	1,655

The Company is not subject to taxation in the Cayman Islands, which does not levy tax on the income of the Company.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Certain PRC subsidiaries are exempted from PRC income tax for two years starting from their first profit-making year in 2005, followed by the applicable preferential tax rate for the next three years with a 50% reduction.

For the period under review, the subsidiaries of the Group, 陝西海升果業發展股份有限公司 translated as Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. ("Shaanxi Haisheng"), 青島海升果業有限公司 translated as Qingdao Haisheng Fresh Fruit Juice Co., Ltd. ("Qingdao Haisheng"), 安徽碭山海升果業有限公司 translated as Anhui Dangshan Haisheng Fresh Fruit Juice Co. Ltd ("Anhui Dangshan Haisheng") and Yitian Juice (Shaanxi) Co., Ltd. ("Yitian Shaanxi") were approved as "農產品初加工企業" in relation to their production of juice concentrate products and as a result, Shaanxi Haisheng, Qingdao Haisheng, Anhui

Notes to the Condensed Interim Consolidated Financial Information

Dangshan Haisheng and Yitian Shaanxi were exempted from enterprise income tax rate for the period under review.

A subsidiary of the Company, Haisheng International Inc., is a limited liabilities company incorporated in the United State of America (“USA”) on 21 January 2005 and is subject to corporate and federal tax at progressive rates from 15% to 35%.

The EIT Law of the PRC requires withholding tax upon the distribution of the profits earned by the PRC subsidiaries on or after 1 January 2008 to their foreign shareholders.

6. Profit for the period

	(Unaudited)	
	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
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Profit for the period has been arrived at after charging (crediting):		
Directors' remuneration	918	778
Other staff costs	25,362	10,530
Retirement benefits scheme contributions	5,599	1,896
Share based payments	–	130
Total staff costs	31,879	13,334
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Release of prepaid lease payments included in administrative expenses	803	463
Depreciation of property, plant and equipment	47,296	38,703
Loss on disposal of property, plant and equipment	3,298	78
Cost of inventories recognised in the condensed consolidated income statement	825,261	404,048
Reversal of provision for other obligations and charges	–	(131,723)
Bank interest income	(376)	(128)
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Notes to the Condensed Interim Consolidated Financial Information

7. Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

8. Earnings per share

The calculation of the basic earnings per share is based on the profit for the period attributable to equity holders of the Company of approximately RMB148,178,000 (2010: RMB107,817,000) and on 1,260,000,000 shares (2010: 1,222,200,000 shares) in issue.

No diluted earnings per share has been presented for the six months ended 30 June 2011 and 2010 as the exercise price of the Company's options was higher than the average market price per share.

9. Property, plant and equipment

During the period, the Group incurred approximately RMB20,495,000 on acquisition of property, plant and equipment.

10. Inventories

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Raw materials	34,153	31,917
Work in progress	47,424	220,594
Finished goods	470,328	1,068,611
	551,905	1,321,122

Notes to the Condensed Interim Consolidated Financial Information

11. Trade and other receivables

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Trade receivables	189,523	148,294
Less: allowance for doubtful debts	(5,197)	(5,278)
	184,326	143,016
Value added tax and other tax receivable	56,033	149,657
Advances to suppliers	15,359	10,512
Others	82,179	9,393
	337,897	312,578

The Group allows credit period which ranged from 30 to 90 days to its trade customers. The aged analysis of trade receivables net of allowance for doubtful debts at the reporting date, is as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Aged:		
0-90 days	184,326	142,804
91-180 days	-	212
	184,326	143,016

Notes to the Condensed Interim Consolidated Financial Information

12. Trade and other payables

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Trade payables	59,766	830,649
Payable for acquisition of property, plant and equipment	12,829	8,988
Advances from customers	1,556	3,630
Others	117,605	93,301
	191,756	936,568

The Group allows a credit period which ranged from 90 to 180 days from its suppliers. The aged analysis of trade payables is as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Aged:		
0–90 days	32,260	730,977
91–180 days	14,490	91,563
181–365 days	10,953	6,164
Over 1 year	2,063	1,945
	59,766	830,649

Notes to the Condensed Interim Consolidated Financial Information

13. Capital Commitments

	At	At
	30 June	31 December
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
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Expenditure contracted for		
but not provided in the condensed		
consolidated financial statements		
in respect of acquisition of		
– property, plant and equipment	26,174	4,482
– land use right	12,842	12,842
	<hr/>	<hr/>
	39,016	17,324
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